

Message Text

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SUBJECT: MEAT EXPORTS TO FRG; INTEREST OF SENATOR
STEVENSON (ILLINOIS)

REF: STATE 138918

1. CONCERNING THE REQUEST FOR ASSISTANCE IN ARRANGING
APPOINTMENTS WITH THE APPROPRIATE FRG MINHEALTH
OFFICIALS TO FACILITATE THE EXPORT OF MEAT FROM THE
U.S. TO THE FRG, WE WOULD LIKE TO MAKE THE FOLLOWING
COMMENTS:

A. GERMAN INSPECTION REQUIREMENTS ON BEEF EXPORTED
TO THE FRG PROVIDE THAT PLANTS WANTING TO EXPORT MUST
FIRST BE APPROVED BY FRG MINHEALTH AUTHORITIES. THERE
ARE ADDITIONAL REQUIREMENTS THAT PROVIDE THAT IF CUTS
OF BEEF ARE EXPORTED, A GERMAN VETERINARIAN MUST BE
PRESENT IN THE PLANT AT THE TIME OF SLAUGHTERING,
CUTTING UP, AND PROCESSING. NO U.S. BEEF CUTS CAN
BE EXPORTED TO GERMANY WITHOUT THE PRESENCE OF THE
GERMAN VET IN THE PLANT AT THE TIME THE SHIPMENT IS
BEING PREPARED. THE COST OF SENDING THE GERMAN VET
TO THE U.S. FOR SUCH INSPECTION IS AT THE EXPENSE
OF THE GERMAN IMPORTER. WHEN SMALL QUANTITIES OF
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MEAT ARE INVOLVED, THE COST OF INSPECTIONAL CHARGES
PLUS THE HIGH DUTY/LEVY MAKE IT EXTREMELY DIFFICULT
TO DO BUSINESS.

B. THE EC PERMITS 38,500 TONS OF MEAT TO BE IMPORTED
DUTY FREE UNDER A GATT QUOTA. GERMANY'S
SHARE OF THIS GATT QUOTA IS ABOUT 7,500 METRIC TONS.

THESE QUOTAS ARE HELD IN THE FORM OF HISTORICAL LICENSES BY VARIOUS GERMAN IMPORT FIRMS. THERE IS ALSO A ACP QUOTA INTO THE EC. THE ACP COUNTRIES ARE FORMER COLONIES AND ASSISTANCE IS GIVEN TO THESE LDCS BY REDUCING THE BEEF IMPORT LEVIES BY 90 PERCENT. THE ANNUAL QUOTA IS ABOUT 27,500 TONS, COMING MAINLY FROM BOTSWANA, KENYA, MADAGASCAR, AND SWAZILAND. THE QUOTA HAS BEEN MAINLY USED BY THE U.K. ANYONE NOT HOLDING A GATT DUTY-FREE LICENSE OR NOT IMPORTING UNDER THE ACP QUOTA MUST EITHER PAY: (1) AN AD VALOREM DUTY PLUS A LEVY; OR (2) COMPLY WITH WHAT THE EC REFERS TO AS THEIR "LEVY-FREE IMPORT SYSTEM."

C. THE AD VALOREM DUTY PLUS THE LEVY IS PROHIBITIVE. FOR EXAMPLE, THE PRICE FOR BONELESS STEAK FROM ARGENTINA (MAIN SUPPLIERS UNDER GATT QUOTA) IS ABOUT \$1.50 PER LB. C.I.F. DELIVERED HAMBURG. A 20 PERCENT DUTY ADDS 30 CENTS PER LB., THE LEVY ADDS \$1.45 PER LB., AND MCAS ADD ANOTHER 11 CENTS PER LB., BRINGING THE TOTAL DUTY-PAID PRICE TO \$3.36 PER LB. THESE CHARGES ARE EQUIVALENT TO ABOUT 125 PERCENT.

D. THE "LEVY-FREE IMPORT SYSTEM" PROVIDES THAT IF A CERTAIN QUANTITY OF FROZEN BEEF IS PURCHASED ON A BID BASIS FROM EC INTERVENTION STOCKS AND SOLD DOMESTICALLY OR EXPORTED, THEN A LIKE QUANTITY OF

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FOREIGN BEEF CAN BE IMPORTED FREE OF LEVY BUT SUBJECT TO A 20 PERCENT AD VALOREM DUTY. THIS SYSTEM IS VERY CUMBERSOME BECAUSE OF THE RISK INVOLVED IN MAKING SEVERAL TRANSACTIONS.

2. AS YOU CAN SEE FROM THE ABOVE, IT IS EXTREMELY DIFFICULT TO EXPORT BEEF TO GERMANY. WE WOULD BE HAPPY TO MAKE THE NECESSARY APPOINTMENTS FOR SENATOR STEVENSON'S CONSTITUENTS TO DISCUSS THE INSPECTION QUESTIONS; HOWEVER, THAT IS ONLY HALF THE BATTLE GIVEN THE ACCESS PROBLEMS. WE HAVE DISCUSSED THE VETERINARIAN ASPECTS WITH MINHEALTH OFFICIALS MANY TIMES AND WOULD NOT BE BREAKING ANY NEW GROUND. THE APPROPRIATE MINHEALTH OFFICIAL IS DR. RASCHKE WHO IS THE HEAD OF THE GERMAN MEAT INSPECTION.

3. WE WILL NOT SET UP ANY MEETINGS WITH DR. RASCHKE UNTIL WE HEAR FROM THE PARTIES INVOLVED.
STOESSEL

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